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MEMORANDUM

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FROM: Steven M. Olea
Director
Utilities DivisionArizona Corporation Commission
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AZ CORP COMMISSION
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DATE: March 13, 2015

DOCKETED BY

RE: GRANITE MOUNTAIN WATER COMPANY, INC. - REQUEST FOR
EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. W-02467A-09-
0333, W-02467A-09-0334 and W-02467A-10-0483 - DECISION NO. 74384)

In Decision No. 74384, dated March 19, 2014, the Arizona Corporation Commission ("ACC" or "Commission") approved the application of Granite Mountain Water Company, Inc. ("Granite Mountain") for a rate increase, approval of financings and authority to incur long-term debt.

As part of Decision No. 74384, the Commission outlined a requirement for the provision of Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") certificates from the Company on a well (Well No. 6) and a 50,000 gallon storage tank:

"To allow Granite Mountain Water Company, Inc. to satisfy the requirements for filing of Approvals of Construction by filing, no later than June 30, 2014, copies of an Approval of Construction for Well No. 6 and copies of an Approval of Construction for the 50, 000-gallon storage tank."

On June 30, 2014, Granite Mountain subsequently docketed a filing outlined as a "Report to the Commissioners and Request for Extension of Time" seeking approval of a one month and a four month extension of time for the provision of the AOCs on the well matter and on the 50,000 gallon storage tank, respectively. The application states that:

"Because of the shortness of the time after the approval of financing on May 29, 2014 and the deadline date of June 30, 2014 it has become impossible to complete the construction and connection of the tank by June 30, 2014."

On March 12, 2015 Staff contacted the Company manager, Mr. Arden Barney, to discuss the extension of time request. Mr. Barney acknowledged delays in the projects but communicated that the construction portion of the well and storage tank projects should be completed by March 30, 2015 and June 30, 2015, respectively. He was unsure about the length of time he should request for the ADEQ administrative review and the ultimate issuance of the AOC certificates. Staff concludes that the Company should be granted a three month period after construction to obtain the required AOC certificates.

Based on the application and all of the above, Staff recommends that the due date for the requirement for provision of the AOC on Well No. 6 be extended until June 26, 2015. Staff further

recommends that the due date for the requirement for provision of the AOC on the 50,000 gallon storage tank be extended until September 25, 2015.

Staff further recommends that no further extensions of time be granted in this matter. Staff also notes that the June 30, 2014 "Report to the Commissioners and Request for Extension of Time" was docketed on the same day as the due date for the two compliance requirements. Staff further recommends that the Company be required to file requests for extension of time (if doing so in the future) at least 90 days prior to the existing due date (in this or any other docket).

SMO:BKB:vsc

Originator: Brian K. Bozzo

SERVICE LIST FOR: GRANITE MOUNTAIN WATER COMPANY, INC.

DOCKET NO.;DOCKET NO. W-02467A-09-0333, W-02467A-09-0334 AND W-02467A-10-0483

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